REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
JEFFERSON COUNTY PROPERTY VALUATION ADMINISTRATOR

For the Fiscal Year Ended June 30, 1999

EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Rebecca Jackson, County Judge/Executive
Honorable Denise Harper Angel, Property Valuation Administrator
Members of the Jefferson County Fiscal Court

Independent Auditor's Report

We have audited the statement of assets, liabilities, and fund balance arising from cash transactions of the Property Valuation Administrator of Jefferson County, Kentucky, as of June 30, 1999, and the statement of receipts, disbursements, and changes in cash balance for the fiscal year then ended. These financial statements are the responsibility of the Property Valuation Administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements of the Property Valuation Administrator were prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of the Jefferson County Property Valuation Administrator as of June 30, 1999, and the related statement of cash receipts, disbursements, and changes in cash balance for the fiscal year then ended, in conformity with the cash accounting basis described in Note 1.

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In accordance with Government Auditing Standards, we have also issued a report dated March 10, 2000, on our consideration of the Property Valuation Administrator's compliance with laws and regulations and on internal control over financial reporting.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 10, 2000

JEFFERSON COUNTY
DENISE HARPER ANGEL, PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF ASSETS, LIABILITIES, AND FUND
BALANCE ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets		
Cash	$	541,744
Total Assets	$	541,744
Liabilities and Fund Balance		
Liabilities	$	0
Fund Balance		541,744
Total Liabilities and Fund Balance	$	541,744

The accompanying notes are an integral part of the financial statement.

JEFFERSON COUNTY
DENISE HARPER ANGEL, PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE

Fiscal Year Ended June 30, 1999

Receipts		
Jefferson County Fiscal Court:		
Statutory Contribution		$ 175,000
Reimbursements		14,757
From Cities in Jefferson County:		402,019
Other Receipts:		
Interest	$ 15,706	
Fee Schedule	34,263	
Information and Publication Sales	154,575	
Miscellaneous	13,461	218,005
Total Receipts		$ 809,781
Disbursements		
Personnel Cost:		
Local Contribution	$ 221,245	
Computer Services	100,872	
Computer Maintenance	21,604	
Computer Line Charges	292	
Computer Upgrades	8,181	
Advertising	4,094	
Printing	36,014	
Data Processing Supplies	15,207	
Office Materials and Supplies	10,197	
Photographic Supplies	1,122	
Conventions and Travel	35,984	
Dues and Subscriptions	2,408	
Telephone	13,601	
Postage	34,676	
Capital Outlay-Office Equipment	150,305	

The accompanying notes are an integral part of the financial statement.

JEFFERSON COUNTY
DENISE HARPER ANGEL, PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE
Fiscal Year Ended June 30, 1999
(Continued)

<u>Disbursements</u> (Continued)

Training	$ 7,332	
Insurance Premiums	4,226	
Professional Services Contracts	8,677	
Audit Services	727	
Bond Premiums	2,158	
Building Maintenance	2,476	
Equipment Maintenance	9,671	
Copier Maintenance	3,382	
Miscellaneous Repairs	348	
Freight Charges	486	
Service-Louisville Jefferson County Information Consortium	23,182	
Motor Fuels and Lubricants	525	
Bank Charges	178	
Furniture and Fixtures (Under $500)	3,371	
Books	3,701	
Other Supplies	693	
Miscellaneous	49	
Total Disbursements		$ 726,984
Change In Cash Balance		$ 82,797
Add: Cash Balance July 1, 1998		458,947
Cash Balance June 30, 1999		$ 541,744

The accompanying notes are an integral part of the financial statement.

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

Officials use a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Officials utilize a fund for statutory contributions and other financial activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statements have been prepared on the basis of cash receipts and disbursements. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of Property Valuation Administrators is upon current financial resources.

C. Cash and Investments

Cash includes amounts in bank accounts.

Kentucky Revised Statute 66.480 authorizes the Property Valuation Administrator to invest in the following including but not limited to, obligations of the United States and of its agencies and instrumentalities; obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States; obligations of any corporation of the United States government; bonds or certificates of indebtedness of this state; and certificates of deposits issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The Property Valuation Administrators and employees have elected to participate in the Kentucky Employees Retirement System pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Effective July 1, 1996, the state's contribution rate for nonhazardous employees was 8.03 percent.

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to KERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Property Valuation Administrator (PVA) maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the PVA and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the PVA's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the PVA's agent in the PVA's name, or provided surety bond which named the PVA as beneficiary/obligee on the bond.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Rebecca Jackson, County Judge/Executive
Honorable Denise Harper Angel, Property Valuation Administrator
Members of the Jefferson County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Jefferson County Property Valuation Administrator, as of and for the year ended June 30, 1999, and have issued our report thereon dated March 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jefferson County Property Valuation Administrator's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County Property Valuation Administrator's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and it's operation that we consider to be a material weakness.

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Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not tended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 10, 2000